



CONNECTICUT BANKERS ASSOCIATION

March 14, 2012

To: Members of the Judiciary Committee

Fr: Connecticut Bankers Association
Contacts: Tom Mongellow, Fritz Conway

Re: SB 306, AN ACT CONCERNING EXECUTION ON JUDGMENTS

Position: Oppose as Drafted

This bill would change the provisions of Connecticut law that automatically protect federal benefit payments from execution when those payments are electronically deposited to a deposit account. The bill would also add State workers' compensation and unemployment benefits to the list of benefit payments that are automatically protected from execution. Finally, the proposed bill would make other miscellaneous changes to the laws that govern executions on bank accounts.

With certain important exceptions, the CBA does not object to many of the concepts contained in the bill. Among other things, we do not object to the provisions which would provide *automatic* protection to certain state benefits. Please be aware, however, that there are certain provisions within the bill which the CBA strongly opposes.

First and foremost, the CBA is opposed to the provision in the bill that would prohibit financial institutions from charging a fee for complying with execution orders. As a reminder, banks are required to respond to execution demands *as a matter of law*. It is not a service that a bank would choose to provide on its own. It is, instead, a State mandated compliance burden that involves *significant cost and liability* to the institution (e.g., human resources, information technology, compliance and legal costs, etc.). As such, a financial institution should be able to charge a reasonable fee for complying with execution orders.

Secondly, the CBA opposes the provision in the bill which would change the state law formula for determining the precise amount of funds that are protected (i.e., an amendment would provide an automatic \$1000 floor). We believe that the *current* formula provides a proper balance between the interests of debtors who hold funds in a deposit account and the interests of creditors who have obtained a judgment in a court of law. We would oppose any change to that formula.

In summary, while the CBA does not object to certain provisions in this bill, certain important modifications need to be made to overcome the provisions we are in opposition to. The CBA would welcome the opportunity to work with the Committee to incorporate those modifications.